INTERNATIONAL FAMILY ENTERTAINMENT

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LOUIS A. ISAKOFF
Senior Vice President
General Counsel & Secretary

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March 13, 1996

Mr. William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

RE: **MM Docket No. 92-266 -- Ex Parte Presentation**

Dear Mr. Caton:

This is to provide notice, pursuant to Section 1.1206(a)(1) of the Commission's Rules, that copies of the enclosed letter were forwarded today to Chairman Reed Hundt and to each of the other individuals identified as receiving copies. Each of the foregoing also received a copy of this letter. Two copies of the letter are enclosed for inclusion in the above-referenced docket.

If you have any questions regarding this matter, please contact me.

Very truly yours,

Louis A. Isakoff, Esq.
Senior Vice President
General Counsel

Enclosures

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INTERNATIONAL FAMILY ENTERTAINMENT

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Louis A. Isakoff
Senior Vice President
General Counsel & Secretary

March 14, 1996

Reed E. Hundt, Chairman
Federal Communications Commission
1919 M Street, N.W. Room 814
Washington, D.C. 20554

EX PARTE PRESENTATION

Re: **Revision to Leased Access Rules/ Petition For Reconsideration in MM Docket No. 92-266**

Dear Chairman Hundt:

International Family Entertainment, Inc. ("IFE") is the owner and operator of two cable television networks in the United States, *The Family Channel* and *Fit TV*. We understand that the Federal Communications ("FCC") is considering whether it should revise the current leased access rules, thereby substantially changing the pricing that a cable system may charge for leased access channels. For the reasons cited in this letter, IFE urges the FCC to refrain from such revisions.

While we have not had an opportunity to review the FCC's proposal, we are very concerned that the adoption of the proposed revisions will have a non-competitive effect, and will result in cable operators, subscribers and cable programmers such as ourselves subsidizing the cost of leased access for other commercial programmers who compete with us. We believe the proposal would place programmers which depend on advertising and subscription fees at a substantial competitive disadvantage.

By way of background, *The Family Channel* is a well-established satellite-delivered network and is heavily penetrated in the cable universe. In contrast, *Fit TV*, a network focusing on fitness, aerobics, lifestyle and healthy living programming, was launched in 1993 and is currently has limited cable penetration, including many households in which *Fit TV* is only carried on a part time basis.

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As with other recently launched networks, *Fit TV*'s growth was impeded by the uncertainty caused by re-regulation of the cable industry. As well, its growth has been hampered by limited channel capacity on many cable systems. In several instances, the only channel position that *Fit TV* could secure was on a part time basis on channels reserved for leased access. Even in such cases, we were only able to obtain a position by offering our channel for free.

An alteration in the current regime for leased access channels would have a disruptive effect on the cable industry generally, and on our channels specifically. By reducing the rate structure for leased access channels to potentially negligible amounts, the FCC would interfere with market dynamics. The demand for leased channel access would increase, and because the number of leased channels is mandated, this would force the removal of nascent networks such as *Fit TV*, which provide a valuable service to the consumer and which are now either free or moderately priced to the cable operator.

We believe that the proposal before the FCC would result in the removal of existing (albeit fledgling) programming services such as *Fit TV*, in favor of subsidized leased access services, including infomercial or shopping channels and low power television stations, which do not qualify for must-carry status. IFE believes that the proposal before the FCC would cause a disruption to the marketplace and great uncertainty among cable programmers, whose growth has already been substantially impeded by re-regulation of the industry.

We would urge the FCC to refrain from any drastic change in the pricing structure for leased access channels. At a minimum, because of the impact that this issue has on the cable industry, and because the cable industry has not had time to thoughtfully review and comment upon the proposal, we would urge the FCC to defer making any decision until such time as it has issued a Notice of Proposed Rulemaking and has had the opportunity to hear all sides.

Thank you for your consideration of this letter.

Very truly yours,

Louis A. Isakoff,
Senior Vice President and
General Counsel

cc: Commissioner James H. Quello, Commissioner Andrew C. Barrett, Commissioner Rachelle B. Chong, Commissioner Susan Ness, Jackie Chorney, Maurene O'Connell, Lisa B. Smith, Suzanne K. Toller, Mary P. McManus, William F. Caton (2 copies)